

Discussion of Income Verification

In some situations, the POA may find it necessary to verify tenant income, particularly if it pursues termination of assistance or eviction. The following section provides information on POA procedures for verifying tenant income via a third party.

This computer matching income verification initiative does not include all types of income. Therefore, this section provides information only for income sources included in this initiative.

Employment Income (Wages). The POA must be certain that the source used contains sufficient information to accurately verify tenant income for the match year. It is especially important that the rate of pay be clearly stated (hourly, weekly, bi-weekly, monthly, bi-monthly, etc.), and that any anticipated increases in pay, along with the effective dates, are included where applicable.

- a) Documents Provided by the Tenant. The tenant can provide payroll check stubs or earning statements showing employer, gross pay amount, rate, time covered, etc. W-2 forms for tenants who have held the same position with an employer for at least one calendar year are also acceptable. Also, tenants can request that a copy of their most recent tax return (IRS Forms 4506 and 8821) be sent to the POA from the Internal Revenue Service.
- b) Third-Party Verification. The POA should telephone the employer with a request to obtain the information, and send an employment verification form (with a signed release from the tenant). The employer should then complete and return the form to the POA. Another alternative for Public Housing Authorities (PHAs), but not Owner/Agents, is to contact State Wage Information Collection Agencies (SWICAs), providing that an information-sharing agreement has been established and a verification form with a signed release is used. Any information received should be properly documented.

Self-Employment Income. The POA must be certain that the source used contains sufficient information to accurately verify tenant income for the match year. It is especially important that the rate of pay be clearly spelled out (hourly, weekly, bi-weekly, monthly, bi-monthly, etc.), and that any increases in pay, along with the effective dates, are included where applicable.

- a) Documents Provided by the Tenant. If possible, self-employed tenants should provide their most recent W-2 forms. Tenants can also request that a copy of their latest tax return (IRS Forms 4506 and 8821) be sent to the POA from the Internal Revenue Service.
- b) Third-Party Verification. Not applicable.

Unemployment Compensation.

- a) Documents Provided by the Tenant. The tenant can provide records from his or her local unemployment office stating payment dates and amounts. Also, he or she can present a copy of a current or recent check for POA examination. The POA should record all information for their files.
- b) Third-Party Verification. The POA should contact the state unemployment compensation board or agency with a request to obtain the information, and send a verification form (with a signed release from the tenant). The board or agency should then complete and return the form to the POA. Any information received should be properly documented.

Savings Account Interest Income and Dividend Income. The POA must be certain that the source used contains sufficient information to verify tenant income as accurately as possible for the match year.

- a) Documents Provided by the Tenant. Acceptable documents include current financial statements, bank passbooks, certificates of deposit, etc., as long as the records contain sufficient information, validated by the financial institution, such as the current rate of interest. In addition, the tenant can submit copies of recent income tax returns and IRS Form 1099s.
- b) Third-Party Verification. The POA should contact the appropriate savings institution or entity with a request to obtain the information, and send a verification form (with a signed release from the tenant). The institution or entity should then complete and return the form to the POA. Any information received should be properly documented.

Assets. This category includes value of equity in real property, savings, stocks, bonds, and other forms of capital investment. Sums in checking accounts, safe deposit boxes, and cash that the tenant has not deposited into a savings account, although available for that purpose are also considered assets.

- a) Documents Provided by the Tenant. Passbooks, checking account statements, certificates of deposit, bonds, and other financial statements validated by the appropriate financial institution or other entity are acceptable. The tenant may present copies of real estate tax statements which indicate current market value of real property and information regarding any outstanding indebtedness, where applicable. The tenant can also submit copies of sales documents with the selling price of the real property, along with sufficient information to determine the amount which has already been liquidated (and is deductible) through principal payments made by the buyer to date.
- b) Third-Party Verification. The POA should contact the appropriate parties with a request to obtain the information, and send a verification form (with a signed

release from the tenant). A completed verification form, written confirmation, or other documents should be submitted to the POA. Any information received should be properly documented.

Figure 1. Tenant Proof and Income Verification Sources by Income Type

INCOME TYPE	TENANT PROOF	THIRD-PARTY VERIFICATION
Self-Employment Income	IRS Form 1099	Not applicable
Social Security, Pension	Copy of current/recent check Award letters Copies of deposit slips	Completed verification form from appropriate agency
Unemployment Compensation	Unemployment office records Copy of current/recent check	Completed verification form from state board or agency
Savings Account Interest Income and Dividend Income	Current financial statements Bank passbooks Certificates of deposit Other financial statements	Completed verification form
Assets	Passbooks Checking account statements Certificates of deposit Bonds Other financial statements	Completed verification form Written confirmation Official document(s)